

PUBLIC DISCLOSURE

August 12, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Street Bank and Trust Company
Certificate Number: 014

State Street Financial Center
One Lincoln Street
Boston, MA 02111

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

State Street's performance under the Community Development Test is considered excellent. The bank has a high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors. The Bank makes extensive use of innovative or complex qualified investments, community development loans, or community development services; and has an excellent responsiveness to credit and community development needs in its assessment area(s).

SCOPE OF EVALUATION

General Information

State Street's CRA performance was evaluated using Division of Banks Regulation 209 CMR 46.25 for Wholesale and Limited Purpose Institutions and the Community Reinvestment Act (CRA) Examination Procedures for Limited Purpose and Wholesale Institutions, as issued by the Federal Financial Institutions Examination Council. The examination covers the period from July 10, 2017 to August 12, 2019. These procedures assess a bank's record of helping to meet the credit needs of its assessment area under the community development test through its community development lending, qualified investments, or community development services.

Since the last examination, State Street established a commercial lending portfolio. Therefore, community development loans consisting of affordable multi-family properties are included in this evaluation. Considering the program is new, qualified community development activity is primarily focused on investments and services. In accordance with the procedures, a wholesale institution need not engage in all three categories of community development activities (lending, investment, and service) to perform well under the community development test.

State Street's loans, investments, grants, and services provided during the examination period were evaluated as qualifying community development activity. While State Street is evaluated on its community development activities, performance context is also considered. The performance context is a broad range of economic, demographic, institution and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. Examiners also conducted an interview with a representative of a community development organization in order to gain an understanding of local needs.

The bank has identified one assessment area in which its CRA activities were evaluated. State Street was credited with qualified activity made outside its assessment area as the bank has adequately addressed the community development needs of its assessment area.

Demographic information referenced throughout the evaluation was obtained from the 2015 United States (U.S.) Census Bureau's American Community Survey (ACS) data, unless otherwise noted.

DESCRIPTION OF INSTITUTION

Background

State Street is a wholly owned subsidiary of State Street Corporation. The company's headquarters are located at One Lincoln Street in Boston, Massachusetts, and also has offices both domestically and worldwide. State Street is a custodial bank, holding assets and providing investment management and investment services. In 2017, State Street launched a commercial lending program. Loans are originated via participations in co-lender arrangements and consist of commercial real estate. Encompassing a smaller portfolio of products include occasional lines of credit and overdraft lines of credit to help the operation of financial markets. The institution is designated as a wholesale institution for CRA purposes.

Ability and Capacity

As of June 30, 2019, assets total \$238.1 billion and net loans and leases account for \$25.5 billion or 8.8 percent of assets. The portfolio is comprised of commercial lending totaling \$4.4 billion and consumer lending totaling \$159 million.

State Street's deposits totaled \$175.5 billion, as of June 30, 2019. The bank's deposit base captures activity from domestic and foreign offices. Deposits are derived from institutional clients as part of their investment activities; the bank does not take deposits from the general public.

State Street is well positioned to help meet the credit needs of the assessment area through the provision of community development services and community development investments.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. State Street's assessment area is comprised of the cities of Boston and Quincy, respectively located in the counties of Suffolk and Norfolk, within the Boston, MA Metropolitan Division (MD). The assessment area was designated based upon the locations of bank operations combined with the State Street Charitable Foundation's strategic focus to directly impact those communities. In addition, State Street's focus on having Boston and Quincy as their assessment area is influenced by the demographics of these communities. Boston and Quincy have among the highest concentrations of low income residents in Massachusetts. Within Boston and Quincy, over 50 percent of the population are low- and moderate-income.

Economic and Demographic Data

According to the 2018 demographic data and 2015 ACS U.S. Census, the assessment area contains 201 census tracts. There are 46 (23.0 percent) low-income census tracts, 55 (27.4 percent) moderate, 52 (26.0 percent) middle, 35 (17.4 percent) upper, and 13 census tracts where income is not available.

There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the assessment area. However, there are 15 census tracts designated as opportunity zones; 13 in Boston and 2 in Quincy. These zones are recommended by the Governor of Massachusetts and approved by the U.S. Department of Treasury. The opportunity zones are identified as areas of economic need, with many opportunity zones having the lowest median family income within the state.

Income Characteristics

According to demographic data, the assessment area includes approximately 295,770 households that are families. Approximately 35.2 percent of those families are classified as low-income, 14.3 percent families are moderate-income, and 15.2 percent are middle-income, and 35.3 percent as upper-income. Approximately 19.9 percent of families are below poverty in the assessment area. The elevated poverty levels throughout the assessment area demonstrate a need for community development activities for LMI individuals and families.

According to the Bureau of Labor statistics, the unemployment rate in Massachusetts was 2.9 percent as of August 2019. Unemployment rates coupled with lower income levels demonstrate the need for employment opportunities and workforce development within the assessment area. Since 2015, the State Street Foundation and State Street Corporation have created a multi-year impact-based community initiative titled the Boston Workforce Investment Network or Boston WINs. This commitment in Boston will assist growth in education, job readiness and workforce development.

Housing

According to 2015 ACS Census data, the assessment area has approximately 402,403 housing units, of which 32 percent are owner-occupied and 61 percent are rental units.

The median housing value in the assessment area is approximately \$406,607 and the median gross rent equals \$1,302. In the assessment area, housing is expensive relative to income levels, which causes significant affordability issues for the low and moderate-income population. Community contacts also emphasized the need for affordable housing for low and moderate-income individuals in the city.

Community Contact

As part of the CRA evaluation process, examiners contacted third parties to gain performance context in the assessment of the credit and community development needs of the bank's assessment area. Relevant information from the contacts assists in determining whether local

financial institutions are responsive to the credit needs of the community, and what community development opportunities, if any, are available.

Examiners contacted a representative of a housing and community service organization serving the bank's assessment area. The organization provides emergency shelter and affordable housing for homeless and low-income individuals and families. The contact cited a dire need for affordable housing and affordable rental housing in the bank's assessment area and would like to see bank's invest in low-income housing development. The contact stated that real estate prices in the area are exorbitantly high making home ownership for low-income individuals very difficult. Further, it has caused landlords to increase rent in the area. The contact also noted a need for financial literacy, credit counseling, and a need for products that would allow individuals to build and repair their credit. In addition, the contact stated there is a need for larger grant donations to community service organizations, bank involvement on fundraising committees, and bank sponsorship of fundraising events.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, management, and demographic and economic data, examiners determined that affordable housing and affordable rental housing represents a primary community development need for the assessment area. Additionally there is a need for financial literacy and credit counseling for low-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the number and amount of community development loans, qualified investments, or community development services; the use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and the institution's responsiveness to credit and community development needs.

State Street demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

During the evaluation period, the bank made 4 qualified community development loans totaling \$13.7 million. The bank received pro rata consideration for the portion of these activities that help to provide affordable housing to low-or moderate- income individuals. All loans supported the sustainability of affordable housing. Two loans were extended on multifamily properties within the bank's assessment area totaling \$8.2 million. The bank met the credit needs of the assessment area and activities outside the assessment area were considered. Two loans supporting affordable housing on multifamily properties were extended in California and received CRA consideration totaling \$5.5 million.

Community Development Investments

During the evaluation period, the bank's overall qualified investment activity totaled \$1.3 billion. The current level of community qualified investment activity reflected an increase of 31 percent when compared to the levels shown at the prior examination dated, July 10, 2017 where investments totaled \$896 million. The increase in activity is a result of a variety of new investments. The largest dollar volume is from the bank's new commitments in mortgage-backed securities, and Massachusetts and Nationwide tax credit investments.

Investment Summary			
Inside Assessment Area	New Commitments (000's)	Prior Period Book Values (000's)	Total Qualified
<i>Activities Benefit the assessment area and broader statewide or regional area that includes the assessment area</i>			
MHIC	\$24,000	\$39,163	\$63,163
MA LIHTC and Historic Tax Credits	\$22,200		\$22,200
MBS	\$255,012		\$255,012
Grants and Donations	\$27,648		\$27,648
SBIC's	\$8,000	\$7,187	\$15,187
Total Inside	\$336,860	\$46,350	\$383,210
Outside Assessment Area			
<i>Activities benefit the Assessment area, including Nationwide Investments</i>			
Affordable Housing Preservation Fund	\$34,500		\$34,500
Nationwide Tax Credit Projects	\$301,000	\$627,225	\$928,225
Grants and Donations	\$4,923		
Total Nationwide	\$340,423	\$627,225	\$962,725
Total Qualified Investments	\$677,283	\$673,575	\$1,350,858

The bank has taken a leadership role in making investments through innovative and complex means not routinely provided by other investors. An example of this leadership role is a continuation of the Boston Workforce Investment Network (Boston WINs). Boston WINs was first launched in June 2015 and is a partnership between the State Street Foundation and 5 nonprofit partners; Boston Private Industry Council (PIC), Bottom Line, College Advising Corps, Aspire and Year Up—each dedicated to creating job readiness and career advancement for Boston youth. The partnership originally was established with a 4 year commitment of grants from State Street to each organization and was set to expire this year. Instead, State Street committed to an extension of funding by \$6 million over a 2 year period. This partnership is also responsive to the needs of the community.

The bank's investments in the Massachusetts Housing Investment Corporation, Boston, MA, and the Massachusetts Low Income Housing Tax Credits were found highly responsive to the need for affordable housing in the assessment area. Further, these projects involving LIHTCs were considered innovative and complex and not the types of transactions typically provided by private investors. In addition, the bank was credited with \$8 million in investments in small business investment companies (SBICs), which promote economic development and support permanent job creation, retention, and/or improvement for low income persons or geographies within the assessment area, or broader regional area.

In addition to State Street's large equity investments, the State Street Charitable Foundation made a large number of grants and donations that support a community development purpose.

Community Development Initiatives

Massachusetts Housing Equity Fund (MHEF)

Equity investments are made through the MHEF Inc., a subsidiary of MHIC. The MHIC is a non-profit corporation, created in 1990 by institutions in Massachusetts to help expand the financing of affordable housing in low-or moderate income communities throughout the commonwealth. The bank committed \$24 million in new commitments towards MHIC, these investments were considered highly responsive to the critical needs for affordable housing within the assessment area. The bank also received credit for \$39.1 million in prior period investments. The bank's participation with the Massachusetts Housing Investment Corporation (MHIC) demonstrates the bank responsiveness to addressing affordable housing needs within the assessment area.

Tax Credits Projects

Massachusetts Tax Credits

The bank purchased \$22.2 million in Massachusetts Tax Credit projects; all projects were associated with rehabilitation of low-income housing within the Commonwealth. This type of funding is not routinely provided by private investors and are considered complex, requiring considerable ongoing management attention and expertise due to the technical accounting requirements associated with the administration of the investment over time. The bank received credit for Nationwide Tax Credit Projects totaling \$301 million. The bank also received credit for prior period nationwide tax credit investments totaling \$627.2 million.

Small Business Investments

During the examination period, the bank committed \$8 million in small business investments funds focused on Massachusetts which promote economic development, job creation, retention, improvements for low income geographies. The investments were made in funds that target companies located throughout New England and the Northeast, which includes the bank's assessment area. State Street also received credit for prior period small business investments totaling \$7.2 million.

State Street Foundation, Inc.

State Street Foundation, Inc. awards grants and donations to nonprofit organizations locally and globally that promote community development services, economic development and affordable housing. Overall qualified donation and grant activity represents \$32.5 million, an increase from the previous evaluation representing \$28 million.

Within Massachusetts and a statewide regional area, a total of \$27.6 million were considered qualified as they met the definition of community development. In addition, nationwide grants totaling \$4.9 million were considered. State Street has an extensive grant application review process for each grant request. Grants are specifically earmarked for specific operating years and purposes and must be used in accordance to each organizations grant proposal. A condition of the grant requires organizations to submit a report on how the funds were used, performance, outcomes and metrics is required after each fiscal year.

Community Development Services

State Street provides innovative and complex services that exhibit an excellent responsiveness to credit and community economic development needs within the assessment area. Detailed below are the community development services. The bank has led and participated in unique collaborations aimed at promoting workforce development and community development services to low and moderate-income individuals. During the examination period, employees participated in over 6,500 qualified service hours.

Boston WINs

As previously mentioned, Boston WINs is both innovative, complex and responsive. The programs requires ongoing commitment from the bank and collaboration between many other partners to prepare Boston youth for college and career success. The partnership is impactful with a monetary contribution combined with a unique outreach and services component.

State Street has proactively hired over 600 Boston youth to full time roles and employed an additional 1,352 WINs college interns. State Street employees contributed over 2,000 volunteer hours during the exam period to the Boston WINs initiative.

GIVE Program: Giving, Investing and Volunteering

State Street operates an employee volunteer program that facilitates service activities of their employees worldwide. All employees are provided two days off for volunteer work at organizations such as Boston Earned Income Tax Credit Coalition, Quincy Community Action Program, Junior Achievement of New England, and Common Impact. State Street employees have had a long term relationship with many of these organizations as they have been highlighted in several examination cycles. During the examination period, 166 Massachusetts employees volunteered over 4,058 services hours to 45 organizations.

Earned Income Tax Credit (EITC) Coalition

The bank partnered with city of Boston and the Quincy Community Action Program in assisting with low-income tax filings. State Street organizes employee volunteers to participate in the City of Boston/Internal Revenue Service EITC Initiative. The EITC Coalition involves a partnership with the city, the IRS, and corporate volunteers whereby volunteers may apply their financial skills and receive special IRS training in the EITC and use both to assist low-income residents in the preparation of their federal tax returns. Thirty six State Street employees participated in the program.

Junior Achievement of New England

During the review period, State Street employees volunteered over 1,200 hours to help teach young people job readiness and financial literacy skills. Employees participated in a variety of volunteer activities with Junior Achievement, including job shadow days and teaching in the classrooms about economics, personal finance, and other professional topics.

Common Impact

State Street has a strong partnership with Common Impact and places skilled volunteers with non-profits to help them better meet their missions. During the examination period, 33 State Street Bank employees volunteered 796 hours to local non-profits. Participation included

providing technical assistance to community development organizations including, providing financial assistance, information technology support, marketing and business planning and were are all considered CRA qualified services.

Executive Community Leadership Program

State Street Executive Vice Presidents serve on nonprofit organizations by providing their financial expertise through these positions. Many employees serve on organizations that are aligned with the Boston WINs and other community development organization. As an incentive for employee participation, State Street provides financial support directly to the organization in the form of a matching gift or grant.

Other Initiatives

Boston Private Industry Council (PIC)

The Summer Jobs Program annually places low- and moderate-income residents of Boston's neighborhoods in summer jobs among a wide range of Boston's business. During the examination period, State Street hired 258 students who completed the program. There were 31 State Street employees involved in 477 service hours.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at One Lincoln Street, Boston, MA 02111."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.